

Washington Mutual

February 26, 2001

Ms. Elaine L. Baker
Secretary
Federal Housing Finance Board
1777 F Street, N.W.
Washington, D.C. 20006

Re: Request to Intervene by Washington Mutual Pursuant to Section 907.11

Dear Ms. Baker:

Pursuant to Section 907.11(a) of the Federal Housing Finance Board (the "FHFB" or the "Board") regulations, Washington Mutual Bank, FA ("WMBFA") and Washington Mutual, Inc. ("WMI" and together with WMBFA, "Washington Mutual") file this Request to Intervene in connection with the Petition submitted by the Federal Home Bank of Dallas (the "Dallas Bank") dated December 8, 2000, as provided in the Extension of Time to File Requests to Intervene, 66 Fed. Reg. 7650 (Jan. 24, 2001). WMBFA is a wholly owned subsidiary of WMI.

Statement of Position and Interest and Grounds for the Proposed Intervention

On February 13, 2001, Bank United, which until that date was by far the largest member of the Dallas Bank, merged with and into WMBFA, which is not a member of the Dallas Bank*. Under FHFB regulations for mergers (12 C.F.R. § 925.24), the membership of Bank United in the Dallas Bank terminated as of that date.

To offset the effects of the termination of Bank United's membership, WMBFA applied for membership in the Dallas Bank under FHFB regulations for adjoining district membership (12 C.F.R. § 925.18(a)(2)) (the "Membership Regulation"), consistent with Section 4(b) of the Federal Home Loan ("FHL") Bank Act (the "Bank Act"). The Dallas Bank approved, subject to the approval of the FHFB. As discussed in the Dallas Bank Petition dated December 8, 2000 (the "Dallas Petition"), and the Supplemental Information filed by the Dallas Bank on January 31, 2001 (the "Dallas Supplement"), the FHFB has the legal authority to approve this application.

We believe the Board should exercise its legal authority to decide this application expeditiously. The facts of this application are especially compelling, and amply satisfy the "demanded by convenience" standard in the Bank Act and the Membership Regulation.

WMBFA is a member of the Federal Home Bank of San Francisco (the "SF Bank").

Ms. Elaine L. Baker
February 26, 2001
Page 2

This application arises from the termination of the membership of the largest member of the Dallas Bank. Based upon the most recently available data, Bank United held 18.6% of the Dallas Bank stock at the time of the merger. (The next largest stockholder held 8.6% of the Dallas Bank stock.) The Dallas Bank has determined that it is in the best interest of the Dallas Bank for WMBFA to step into the shoes of Bank United as a member of the Dallas Bank. As discussed in its filings, the Dallas Bank is seeking to preserve, to the extent possible, the status quo despite the loss of its largest member. We recognize that, in other proceedings, the FHFB may consider a wide range of issues associated with membership in more than one FHL Bank. Although such consideration is appropriate, we respectfully submit that in view of the Board's legal authority under the Bank Act and the Membership Regulation and in view of the facts of this case, the Board should proceed to resolve this Petition on the merits without reference to the timetable for any other proceeding*.

Washington Mutual would further note that its intent is to preserve the status quo at the Dallas Bank while the Federal Home Loan Bank System (the "Bank System") reviews multiple District membership in light of industry and economic trends. WMBFA intends to limit its business with that Bank to the level that Bank United's business would have been.

The Dallas Petition and Supplement discuss in detail the case in favor of approval. We will not repeat that discussion here, but will highlight the following factors that support approval:

- Approval will preserve the pre-merger membership base of the Dallas Bank and thus avoid the dislocation of the resources and programs of that Bank that would otherwise occur*.
- Approval is consistent with the policy underlying the Bank System as it was implemented by the Federal Home Loan Bank Board in 1932 - the "need for the strengthening of the capital structure" of each district and "to diffuse capital" among the districts.*
- Approval will promote the regional and cooperative nature of the Bank System.*

*Washington Mutual assumes that if the pending Petition is granted, WMBFA would be subject to the terms of any pertinent rule that the Board may subsequently adopt.

*The preservation of the membership base is discussed at pages 10-13 of the Dallas Supplement. The dislocation effects are discussed at pages 7-10 of the Dallas Supplement.

*The original Federal Home Loan Bank Board structured the regional Bank System so that each District would have a capital base sufficient to serve its residents' housing finance needs, as discussed by the FHLBB's first Chairman at pages 11-12 of the Dallas Supplement.

*See the Dallas Supplement at page 14.

Ms. Elaine L. Baker
February 26, 2001
Page 3

- Approval is consistent with the fact that approximately 100 banking organizations currently have access to the resources and programs of more than one FHL Bank through member affiliates located in different districts.*
- Approval will allow WMBFA better to serve the public in the Dallas District, including full participation in the Affordable Housing Program ("AHP") of the Dallas Bank (without any diminution of its participation in the SF Bank's AHP).*

For the foregoing reasons, Washington Mutual respectfully urges the Board to approve the Dallas Bank Petition without delay.

*See FHFB, "Holding Companies with Members in More than One District" [6/2000]. One holding company is listed as having affiliated members in seven Districts. Under longstanding "sister bank" affiliate transaction rules applicable to federally insured depository institutions, a member of one FHL Bank may engage in funding and other transactions with an insured depository affiliate, *see* 12 U.S.C. § 371c(d)(i), and accordingly may pass on some or all of the advances it receives from the FHL Bank in which it is a member at the same terms as provided by that FHL Bank. This large group of organizations thus already has the capacity to operate in a manner functionally equivalent to mufti-district membership by one institution.

*The effects on the AHP are discussed at pages 6-7, 8, and 13 of the Dallas Supplement.

Ms. Elaine L. Baker
February 26, 2001
Page 4

Information Required By Section 907.10(b), Where Applicable.

(b)(1) Interveners Information:

- **WMI** 1201 Third Avenue
 Seattle, WA 98101
- **WMBFA:** 8200 Oakdale Avenue
 Chatsworth, CA 91311

Filing Official:

J. Benson Porter
Senior Vice President, Washington Mutual, Inc.
Senior Vice President, Washington Mutual Bank, FA1201 Third Avenue,
17th floor
Seattle, WA 98101

Telephone: 206-461-8854

E-mail: benson.porter@wamu.net

(b)(2) - Contact

William Lynch, Esq.
Corporate Secretary
1201 Third Avenue
Seattle, WA 98101

Telephone: 206-461-3140

Email: william.lynch@wamu.net

(b)(3) Pertinent legal provisions. Please see Exhibit A to the Dallas Petition.

(b)(4) Requested relief. Approval of the Dallas Petition.

(b)(5) Facts and circumstances. Please see Exhibit A to the Dallas Petition and the responses to Items A.1-4 of the Dallas Supplement (pp. 3-5)

(b)(6) Prior steps by the Interveners. Please see the Introduction to the Dallas Petition (pp. 1-2)

(b)(7) **Argument in support of Interveners' position.** Please see Exhibit A to the Dallas Petition and pages 7-8, 10-14 of the Dallas Supplement.

Ms. Elaine L. Baker
February 26, 2001
Page 5

(b)(8) **Legal authorities.** Please see Exhibit C to the Dallas Petition and the responses to items E.1-3 of the Dallas Supplement (pp. 16-20).

(b)(9) **Opinion of Counsel.** Please see the memorandum of Gibson, Dunn & Crutcher LLP at Exhibit C to the Dallas Petition.

(b)(10) **Non-duplicative other documents.** None.

(b)(11) **Certification.** The undersigned certifies that the statements contained in this Request to Intervene are true and complete to the best of my knowledge. The undersigned is Senior Vice President and a corporate officer of VVMI and WMBFA and has authority to submit this Request to Intervene.

Agreement to be Bound

As provided in 12 C.F.R. § 907.11(a)(5), the Interveners agree to be bound expressly by the Final Decision of the Board, subject only to judicial review or as otherwise provided by law.

Respectfully submitted,

J. Benson Porter
Senior Vice President